

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI
EASTERN DIVISION

COLONIA INSURANCE COMPANY,

Plaintiff,

v.

NO. 1:95cv288-S-D

VINCENT WILLIAMS AND
MELVIN CLEVELAND,

Defendants.

OPINION

The instant cause of action was originally dismissed upon order of this court pursuant to the jurisdictional mandates of 28 U.S.C. § 1332. The matter is again before the court following plaintiff's submission of a "Motion to Reconsider."

The original complaint sought declaratory relief from a default judgment entered against Melvin Cleveland, defendant in this action and an individual insured by the plaintiff. The complaint stated that the judgment arose out of a civil action filed against Cleveland in a Mississippi state court. The principal relief sought was a declaration that Colonia had no duty to pay any sum arising from the default judgment, and an order restraining defendant from instituting future litigation concerning the dispute. The complaint made no mention of the specific amount in controversy, but merely stated that the amount exceeded \$50,000, exclusive of interest and costs. However, a copy of the default judgment entered by the state court was attached to the complaint

as an exhibit, stating that the default judgment was for exactly \$50,000.00.

Pursuant to the court's typical practice of notifying counsel when a potential jurisdictional defect has arisen, a member of the undersigned's staff contacted plaintiff's counsel with regard to the court's concern that the complaint did not satisfy the amount in controversy requirement. Plaintiff's counsel responded that Mississippi law entitles a party to collect post-judgment interest on judgments entered in his favor, and therefore the amount in controversy was not merely \$50,000.00, but was that amount plus whatever interest should accrue during the period of the instant litigation. The court thereby dismissed the suit, citing a number of authorities supporting the proposition that interest on a judgment is not to be included in determining the jurisdictional amount in controversy.

Subsequent to the order of dismissal, plaintiff submitted a motion to reconsider as well as a proposed amended complaint. The amended complaint contained a detailed explanation of the relief sought, including a tacit bar to the possibility of future punitive damages awarded against Colonia, and a contention that it will be for the court to determine whether Colonia has a duty to defend Cleveland in any further litigation that may arise in connection with the insurance policy. It is on the basis of these potential contractual obligations, as asserted within the amended complaint, that the court will reinstate the original complaint to the court's docket and allow the filing of the amended complaint.

DISCUSSION

It is fundamental that a court must, on its own motion, determine that it has jurisdiction over the case before it. Minnesota v. Hitchcock, 185 U.S. 373, 22 S.Ct. 650, 46 L.Ed. 954 (1902). The court will ordinarily accept plaintiff's well-plead allegation that the amount in controversy exceeds the jurisdictional threshold. Ardrey v. Federal Kemper Ins. Co., 798 F.Supp. 1147, 1149 (E.D. Pa. 1992). However, precedent clearly mandates that the complaint must allege facts sufficient to determine whether the jurisdictional amount has been satisfied and not plead solely to obtain federal court jurisdiction. McNutt v. General Motors Acceptance Corp., 298 U.S. 178, 188-189, 56 S.Ct. 780, 784-85, 80 L.Ed. 1135 (1936); see Gibson v. Jeffers, 478 F.2d. 216, 221 (10th Cir. 1973) (noting that despite rule requiring mere notice pleadings, complaint must allege sufficient facts to convince district court that recoverable damages will bear a "reasonable relation to the minimum jurisdictional floor"). The court's determination must be made on the basis of the facts alleged within the pleadings, and the burden is on the plaintiff to satisfy the court that the jurisdictional amount is really substantially involved. Id.

The legal questions regarding the amount in controversy requirement and the inclusion of interest on a judgment are no longer germane to the instant action due to the additional facts asserted in the amended complaint. However, the court briefly notes that the relevant caselaw presents a number of divergent

holdings as to the meaning of "exclusive of interest and costs." This issue was discussed at length in the order dismissing the cause of action, and the court reasserts its opinion that the logic of Brown v. Webster, 156 U.S. 328, 15 S.Ct. 377, 39 L.Ed 440 (1895), is most faithfully obeyed by holding that interest accruing after rendition of the judgment is accessory to it and cannot be considered in determining the amount in controversy. Again, however, a definitive holding regarding the calculation of interest on the judgment is no longer necessary because of plaintiff's assertions in the amended complaint.

When the court initially excluded the post-judgment interest from the calculus, no other jurisdictional basis was discovered that allowed the action to remain before the court. The remainder of the complaint was unclear as to how the court acquired jurisdiction over the subject matter, and it thereby did not allege the necessary factual basis for asserting jurisdiction. In the brief that accompanies the instant motion, plaintiff correctly notes that the "legal certainty" test is typically the correct law to be applied regarding amount in controversy issues. However, implicit within this rule is a requirement that the plaintiff's stated damages must not be vague or ambiguous. See Nat. Union Fire Ins. Co. v. Russell, 972 F.2d. 628, 630-31 (5th Cir. 1992) (holding that counterclaim was vague as to amount requested and therefore did not show to a legal certainty that the amount in controversy did not exceed \$50,000.00). Furthermore, it is inappropriate for the court to speculate as to what the potential amount in

controversy may be when the complaint sets forth few facts relating to the required jurisdictional foundation. See Locklear v. State Farm Mut. Auto. Ins. Co., 742 F. Supp. 679, 680 (S.D. Ga. 1989). The facts provided in the original complaint led the court to believe that if Colonia's declaratory judgment action were unsuccessful, Colonia's potential contractual liability was merely for the \$50,000.00 default judgment, plus post-judgment interest.

Thus, based upon the aforementioned precedent, the court again maintains its opinion that the original complaint did not satisfy the jurisdictional requirement relating to the amount in controversy. However, the amended complaint alleges new facts that appropriately assert a colorable claim. The court will therefore reinstate the original complaint to the docket and allow the filing of the amended complaint.

An order in accordance with this opinion shall be issued.

This the _____ day of October, 1995.

CHIEF JUDGE